



## **DEB Notice 070511**

( Effective: 7/01/2011 )

### **Increase in Minimum Contract Amount for Bonds**

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**Code of Virginia §2.2-4336, *Bid Bonds* and §2.2-4337, *Performance and Payment Bonds* increased the minimum contract amount required for Bid Bonds, Performance Bonds and Payment Bonds from \$100,000 to \$500,000 for nontransportation-related construction projects.**

#### **CPSM Section 1004.1 Bid Opening Procedures**

In the 4<sup>th</sup> paragraph

~~Delete: If the bid bond or certified check is not included (for bids of \$100,000 or more) or if the bid is not signed, the bid shall not be read or considered.~~

Add: “When bonding is required, if the bid bond or certified check is not included, or if the bid is not signed, the bid shall not be read or considered.”

**And,**

#### **CO-7a Instructions to Bidders**

Bid Guarantee Item 5(a) and Contract Security Item 13 have been modified as underlined below. The revised CO-7a has been posted to the BCOM Forms Center.

#### **5. BID GUARANTEE**

(a) Any bid (including the Total Base Bid plus all Additive Bid Items) which exceeds five hundred thousand dollars (\$500,000) shall be accompanied by a Commonwealth of Virginia Standard Bid Bond, Form CO-10.2, payable to the Owner as obligee in an amount equal to five percent (5%) of the amount of the bid. For construction contracts in excess of \$100,000 but less than \$500,000, where bid bond requirements are waived, prospective contractors shall be prequalified in accordance with §2.2-4317. A Bid Bond may be required for projects having bids of less than five hundred thousand dollars (\$500,000) if such requirement is stated in the Notice of Invitation for Bids. The Bid Bond must be issued by a surety company which is legally authorized by the Virginia State Corporation Commission to do surety business in the Commonwealth of Virginia. Such Bid Bond shall guarantee that the bidder will not withdraw his bid during the period of thirty (30) days following the opening of bids; that if his bid is accepted, he will enter into a formal contract with the Owner in accordance with the Contract Between Owner and Contractor, Form CO-9, included as a part of the IFB Documents; that he will submit

a properly executed and authorized Standard Performance Bond and Standard Labor and Material Payment Bond on the forms included in the IFB documents; and that in the event of the withdrawal of said bid within said period, or failure to enter into said contract and give said bonds within ten (10) days after he has received notice of acceptance of his bid, the bidder shall be liable to the Owner for the difference between the amount specified in said bid and such larger amount for which the Owner may contract with another party to perform the work covered by said bid, up to the amount of the bid guarantee. This amount represents the damage to the Owner on account of the default of the bidder in any particular hereof. See §2.2-4336 of the Code of Virginia, as amended.

### 13. CONTRACT SECURITY

For contracts which exceed five hundred thousand dollars (\$500,000), the Standard Performance Bond (Form CO-10) and the Standard Labor and Material Payment Bond (Form CO-10.1) shall be required, as specified in the Invitation for Bids documents. For construction contracts in excess of \$100,000 but less than \$500,000, where bid bond requirements are waived, prospective contractors shall be prequalified in accordance with §2.2-4317. See the General Conditions and §2.2-4337 and §2.2-4338 of the Code of Virginia, as amended. The Owner reserves the right to require such bonds for contracts less than five hundred thousand dollars (\$500,000). If the Owner so elects, the requirement shall be set forth in the Invitation For Bids.